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Government of India
Ministry of Communications and Information Technology
Department of Information Technology
New Delhi

Dated: May 9th, 2011

OFFICE MEMORANDUM

Subject: Setting up of an Empowered Committee for identifying technology and investors for setting up of two Semiconductor Wafer Fabrication (Fab) Manufacturing Facilities in the country

Government is pleased to set up an Empowered Committee for identifying technology and investors for setting up of two Semiconductor Wafer Fabrication (Fab) Manufacturing Facilities in the country as per details below:

1. Composition of the Empowered Committee:

The composition of the Empowered Committee is as follows:

1. Adviser to PM on Public Information Infrastructure and Innovation
2. Chairman, National Manufacturing Competitiveness Council
3. Secretary, Department of Expenditure
4. Member (Industry), Planning Commission
5. Dr. M. J. Zarabi, Former CMD, Semiconductor Complex Ltd. (SCL) -
Technical Expert
6. Secretary, Department of Information Technology – Member Convenor
7. Empowered Committee may co-opt any other experts

2. Strategy for attracting investment in Semiconductor Wafer Fabs:

The following action could be taken to set up two Semiconductor Wafer Fabs in India:-

2.1 Fab-1: To set up a semiconductor fab with established technology to support fabrication of varieties of chips to meet the requirement of high volume products as well as the requirement of the fab-less design companies on pay per use basis. This activity may involve either setting up a plant in India with established technology or acquiring an existing fab abroad and its relocation to India. The Government support needed for either of the options would have to be negotiated. The estimated investment for this would be of the order of ₹10, 000 crores (approx. USD 2 Billion).

2.2 Fab-2: To be set up as a green field cutting edge state-of-the-art facility. This would require provisions for giving equity / grant to an established Integrated Device Manufacturer to establish its fabrication facility in India. The amount of equity / grant would have to be negotiated or through bids. The estimated investment for this would be of the order of ₹15, 000 Crores (approx. USD 3 Billion).

3. Mandate to the Empowered Committee:

3.1 The Empowered Committee would, keeping in view the entirety of the circumstances;

1. recommend the sequence/ priority between the proposed Fab-1 and Fab-2 facilities;
2. to identify technology and potential investors for establishment of Semiconductor Wafer Fabs, and thereafter ascertain their interest in setting up Semiconductor Fab facilities in India ;

3. to assess and recommend the nature and quantum of Government support such as equity/ grant/ subsidy in physical/ financial terms that may be required to translate the interest into investment; and
4. to recommend to the Government the course of action with regard to the nature and quantum of Government support such as equity/ grant/ subsidy in physical/ financial terms and the procedure for finalisation of terms and conditions of investment with the potential investor/ investors.


3.2 The Empowered Committee will also exercise oversight over the implementation of the course of action approved by the Government.

3.3 In order to support the Empowered Committee, a Committee of Department of Information Technology (DIT) comprising of the following has also been set up:

- i) Dr. Ajay Kumar, Joint Secretary, DIT
- ii) Dr. Debashis Dutta, Senior Director, DIT
- iii) Mr. P. S. Narotra, Senior Director, DIT

4. **Time frame for submitting the recommendations:**

The recommendations of the Empowered Committee shall be submitted by 31.7.2011.


(Dr. Ajay Kumar)
Joint Secretary

TO:

Empowered Committee:

1. Adviser to PM on Public Information Infrastructure and Innovation
2. Chairman, National Manufacturing Competitiveness Council
3. Secretary, Department of Expenditure